



U.S. Department
of Transportation
**Federal Aviation
Administration**

Memorandum

Subject: **INFORMATION**: Guidance Memorandum #97-03,
Unauthorized Sales from PAH Suppliers

Date: February 10, 1997

From: Acting Manager, Production and Airworthiness
Certification Division, AIR-200

Reply to
Attn. of:

To: All Manufacturing Inspection Offices and District/Satellite Offices

The issue of “unauthorized sales” from a Production Approval Holder’s (PAH) supplier and the issuance of a Letter of Investigation (LOI) to the PAH was discussed at a recent FAA/Industry meeting. Specifically, the industry questioned why the PAH receives a LOI when it is the supplier organization that is under investigation. This memorandum serves to answer this question.

The FAA has a responsibility to thoroughly investigate each instance of production of modification or replacement parts occurring without the benefit of an FAA production approval. Federal Aviation Regulations § 21.303(a) states that with specified exceptions, no person may produce a modification or replacement part for sale for installation on a type certificated (TC) product unless the part is produced pursuant to a parts manufacturer approval. Pursuant to P.L. 103-272, § 46301, the FAA has the authority to assess civil penalties upon any person in violation of the safety regulations whether or not that person holds a certificate.

Parts sold outside the scope of the PAH’s authority are considered “unapproved” as described in FAA Order 8120.10, *Suspected Unapproved Part Program*, and will be investigated accordingly. When this occurs, the FAA will issue a LOI to the PAH as part of the investigation into the suppliers activity. The LOI is needed to fully document and further the investigation wherever it may lead. However, the PAH should not be held accountable for parts produced outside the scope of their approval without their consent and/or knowledge.

Production overruns are often necessary to support manufacturing processes and the PAH should take measures to prevent suppliers from manufacturing parts without proper authority. For example, the PAH could limit projected overruns and request, in their contract with the supplier, that any unnecessary overrun parts be scrapped. The PAH may also include a clause in their contract that no parts are to be sold under any circumstances other than those described in the contract.

We recognize many PAH's have already taken these and other measures to assist in the prevention of unapproved parts being produced by their suppliers. If there are further questions, please contact a member of the Regulatory and Program Operations Branch, AIR-220, at (202) 267-8361.

/s/

Frank P. Paskiewicz